

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-324-S**

**Application of Kiawah Island Utility,
Incorporated for an Adjustment of
Rates and Charges**

**THIRD INTERROGATORIES
TO SOUTH CAROLINA OFFICE
OF REGULATORY STAFF**

**TO: ALEXANDER W. KNOWLES AND DONNA L. RHANEY, ATTORNEYS
FOR THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

INSTRUCTIONS

Kiawah Island Utility, Inc., requests pursuant to S.C. Code Reg. 103-833 that the South Carolina Office of Regulatory Staff (“ORS”) provide responses to the following interrogatories and requests for production to charles.terreni@terrenilaw.com, selliott@elliottlaw.us, and vsheheen@thesavagefirm.com within twenty (20) days of service of these requests. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion. Given the important nature of these requests we respectfully ask ORS to provide responses as soon as practical and make all efforts to provide the same speed of responses as the Company provides to ORS.

As used in these requests, “identify” means, when asked to identify a person, to provide the full name, business title, address, and telephone number. As used in these requests, “address” means mailing address and business address. When asked to identify or provide a document, “identify” and “provide” mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word “document” is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts,

photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. "Person" includes any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee, any group or combination acting as a unit, the State, any state agency, any instrumentality, authority, political subdivision, or municipality, or other entity. Wherever in this request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUIRED:

1. Pursuant to S.C. Code Reg. 103-833 and SCRPC Rules 33 and 34, responses to interrogatories and requests for production shall be verified.
2. In addition to the signature and verification at the close of the responses, the witness(es), employee(s), contractor(s), or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.
3. All information provided shall be provided in electronic form only unless otherwise requested. All information available in Excel spreadsheets shall be provided in Excel. All Excel spreadsheets shall be working copies with all formulas, links and calculations intact.
4. All electronic documents provided must be provided in native file format with all formulas, links and calculations intact. Responses containing .pdf documents must be searchable. Each electronic file must be clearly marked with the Response number.
5. Any inquiries or communications relating to questions concerning clarification of the information requested below should be directed to Charles L.A. Terreni, charles.terreni@terrenilaw.com, Vincent Sheheen, vsheheen@thesavagefirm.com, and Scott Elliott, selliott@elliottlaw.us.
6. That this entire list of requests be reproduced and included in front of each set of responses.
7. If the response to any request is that the information requested is not currently available, please advise so and state when the information requested will be available and provided. This statement is not a waiver of the deadline for all other responses.
8. This request is continuing and requires the respondent to supplement or amend its responses as any additional information becomes available.
9. For every page produced that contains confidential information, the page is to be marked "CONFIDENTIAL" in the header. Any specific information which Respondent designates as confidential information must also be marked by notation, highlighting, or other conspicuous means.

INTERROGATORIES

1. Regarding ORS's recommendation to remove 50% of the base salary, benefits, and taxes for a company's four highest paid executive from recovery:
 - a. List each docket in which ORS has made a similar recommendation.
 - b. Explain how ORS determined the four highest paid executives should be subject to this adjustment, instead of a different number of positions (e.g. one, two, three, five).
 - c. Why did ORS not recommend a similar adjustment in the recent Palmetto Wastewater Reclamation, Inc.'s general rate case (Docket No. 2021-153-S)?
2. Please list David Herpel's work history since he received his Bachelor of Science Degree, providing for each job:
 - a. Employer
 - b. Dates of employment
 - c. Position held
3. Has David Herpel ever testified in a judicial or quasi-judicial proceeding? If so provide:
 - a. Case caption
 - b. Date of testimony
 - c. Summary of testimony
4. Please list all cases in the past five years in which ORS has recommended the removal purchased water, or from its cash working capital adjustment to rate base?
5. In reference to Hipp Direct Testimony page 6 lines 18-20:
 - a. Confirm or deny, utilities should not be able to recover capital investment in utility plant unless it is used to provide water and sewer service to the utility's customers. Please explain, if appropriate.
 - b. Please identify all instances in the past 5 years in which the ORS made a recommendation regarding extraordinary costs incurred by a utility (e.g., storm recovery costs, environmental remediation costs, litigation costs). For each instance:
 - i. please identify specifically whether the extraordinary costs represented capital investment in utility plant used to provide service to the utility's

customers;

- ii. please identify ORS's specific recommendation regarding the utility's ability to recover those costs from customers through rates;
- iii. whether ORS recommended any sharing of the costs incurred; and
- iv. the PSC's ultimate decision regarding the issue.

6. In reference to Hipp Direct Testimony page 17:

- a. Please identify each instance in the past 5 years in which, as part of a general rate case, the ORS has recommended a 50% adjustment, or more, to the compensation of a utility's executives or the executives of its parent company.
 - i. For each instance identified, please specify ORS's specific recommendation as well as the PSC's decision regarding the issue.
- b. Please identify each instance in the past 5 years in which, as part of a general rate case, the ORS has not recommended a 50% adjustment, or more, to the compensation of a utility's executives or the executives of its parent company.
- c. Please provide a narrative explanation of how the ORS determines in which cases it makes recommendations regarding executive compensation similar to the one it makes in this case.
- d. Please explain of how the ORS determined that 50% was the appropriate, accurate representation of an executive's efforts relating to shareholder return versus minimizing customer rates.
- e. Confirm or deny, maximizing shareholder returns and minimizing customer rates, while maintaining adequate service levels, are mutually exclusive. Please explain, if appropriate.
- f. Confirm or deny, maximizing *long-term* shareholder returns and minimizing customer rates, while maintaining adequate service levels, are mutually exclusive. Please explain, if appropriate.

7. Please identify all regulatory proceedings in which Glenn. Watkins discussed or provided a recommendation on the:

- a. Costs recovered through customer or fixed charges.
- b. Level or amount of customer or fixed charges.

8. Please identify all regulatory proceedings in which Mr. Watkins discussed or used meter equivalencies.

9. Provide a list of all rates set by the South Carolina PSC for water or wastewater utilities in South Carolina that recover only those costs required to connect and maintain a customer's account in fixed charges.
10. Please provide all academic or industry publications supporting the methodology or use of a Direct Customer Cost analysis.
11. Please refer to Page 33 of the Direct Testimony of Glenn Watkins, lines 20 and 21:
 - a. Is it Mr. Watkins' contention that the statement from the AWWA M1 Manual supports the exclusion of all costs other than direct costs when determining the level of fixed monthly charges?
 - b. Would Mr. Watkins' understanding of the statement exclude the portion of office rental expense and equipment associated with billing activities from recovery in the fixed charge?
 - c. Is the statement made in relation to how individual elements should be designed, or in relation to the assignment of costs within a cost allocation study?
12. Refer to Page 34 of the Direct Testimony of Glenn Watkins, lines 14 and 15. Please provide all support for the statement that fixed monthly charges should only reflect the direct costs required to connect and maintain a customer's account.
13. Please explain the distinction, if any, between a Base Facilities Charge and a fixed monthly customer charge.

March 1, 2022

s/ Charlie Terreni

Charles L.A. Terreni
 Terreni Law Firm, LLC
 1508 Lady Street
 Columbia, S.C. 29201
 Tel. (803) 771-7228
charles.terreni@terrenilaw.com

Scott Elliott
 Elliott & Elliott, P.A.
 1508 Lady St.
 Columbia, S.C. 29201
 Tel. (803) 771-0555
selliott@elliottlaw.us

Vincent A. Sheheen
Savage, Royall, and Sheheen, L.L.P.
1111 Church Street
Camden, S.C. 29020
Tel. (803) 432-4391
vsheheen@thesavagefirm.com